

Oil Shale and Tar Sands Report to Congress – Filed in December 2005

This report was filed in December 2005 with the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate. The report was prepared in response to the requirements of the Energy Policy Act of 2005, Sec. 369 (g) “Oil Shale, Tar Sands, and Other Strategic Unconventional Fuels Act of 2005” (P.L. 109-58, August 8, 2005). The report, together with the provisions in Section 369 of the Energy Act, provides the information requested by the Committee in the House Report for the 2006 Appropriation Act, H.R. 109-80, page 14, concerning the administrative, regulatory, and statutory steps that may be necessary to proceed with oil shale development, including, but not limited to, acreage limitations on leases and permitting measures needed to stimulate oil shale research and commercial development.

Section 369(g) specifically states:

Initial Report by the Secretary of the Interior – Within 90 days after the date of enactment of the Act, the Secretary of the Interior shall report to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate on –

(1) the interim actions necessary to –

- (A) develop the program, complete the programmatic environmental impact statement, and promulgate the final regulation as required by subsection (d);and*
- (B) conduct the first lease sales under the program as required by subsection (e);and*

(2) a schedule to complete such actions within the time limits mandated by this section ...

Actions Taken To Date

The foundation of the Tar Sands leasing program was established by The Combined Hydrocarbon Leasing Act of 1981 (P.L. 97-78) which amended the Mineral Leasing Act to allow issuance of combined hydrocarbon leases in specially designated tar sand areas.

Section 350 of the Energy Policy Act of 2005 further amends the Mineral Leasing Act to allow issuance of separate oil and gas leases and tar sand leases, set the maximum allowable lease acreage in special tar sand areas at 5,760 acres and establish the minimum acceptable bid for tar sand leases as \$2.00 per acre. To accomplish the changes required by Section 350, the Bureau of Land Management (BLM) published an Interim Final Rule on October 7, 2005, to amend regulations for leasing of hydrocarbons, except coal, gilsonite and oil shale, in special tar sand areas in the Federal Register, *Bureau of Land Management*, 43 *CFR Part 3140 Leasing in Special Tar Sand Areas (70 FR 58610)*. With the implementation of the amended regulations, with respect to the leasing of hydrocarbons, the Tar Sands leasing program is in place and will be functional with the completion of a Programmatic Environmental Impact Statement (EIS) for Oil Shale and Tar Sands.

Establishing a functional program for leasing oil shale as required by Section 369 (c) of the Energy Policy Act of 2005 required first developing the mechanism to allow leasing for Oil Shale Research, Development and Demonstration (R, D & D). The BLM recognized the need for additional energy resources and prior to enactment of the Act established a team consisting of members of the three primary oil shale resource states, (Colorado, Utah and Wyoming) to begin the creation of a functional Oil Shale program. The team developed the proposed R, D & D lease document, confidentiality agreements, and evaluation forms to be used in evaluating R, D & D nominations. On Thursday, June 9, 2005, the BLM published in the Federal Register, a notice entitled *Potential for Oil Shale Development Call for Nominations – Oil Shale Research, Development and Demonstration (R, D & D) Program*, (70 FR 33753), which resulted in 20 nominations being received within 3 different states, (10 in Colorado, 9 in Utah and 1 nomination in Wyoming). On August 24, 2005, the BLM sent letters to the Governors of Colorado, Utah and Wyoming requesting representatives to serve on an Interdisciplinary Review Team (IDRT) that will evaluate each of the nominations. IDRT membership consists of representatives from BLM offices in Colorado, Utah, Wyoming, representatives from Department of Energy and Department of Defense, and Governor selected representatives from each of the three states. On October 25, 2005, the IDRT met to begin to evaluate the nominations from each state.

A Programmatic EIS will be prepared for oil shale leasing to address the environmental concerns associated with oil shale development and to provide an opportunity for public participation in the process. The Project Manager for the Programmatic EIS for Oil Shale and Tar Sands has been selected and will be developing and coordinating the actions involved with the Programmatic EIS effort. The projected completion date of the Programmatic EIS is February 1, 2007.

Interim Actions

The following interim actions are being taken by BLM to implement the Oil Shale and Tar Sands Leasing Program.

Oil Shale

- Evaluate Oil Shale R, D & D Proposals
- Select Superior Proposals
- Prepare NEPA for Selected Proposals
- Complete Decision Record (DR) of Record of Decision (ROD)
- Publish Notice of Availability of NEPA Document and Issue Leases
- Assemble Work Group to Develop Regulations
- Work Group Reviews Previously Drafted Regulations and Recommendations
- Work Group Reviews Draft Leasing EIS and Comments
- Publish Proposed Regulations and Request Comments
- Work Group Develops and Finalizes Oil Shale Regulations
- Publish Final Oil Shale Regulations
- Finalize Programmatic EIS
- Revise Land Use Plans if Necessary

- Consult with Governors, Local Governments and Interested Indian Tribes
- Solicit Nomination of Tracts
- Conduct first Commercial Oil Shale Lease Sales

Tar Sands

- Amend the 43 CFR Part 3140 regulations concerning leasing of hydrocarbons to allow individual leasing of tar sands
- Finalize Programmatic EIS
- Consider Need for Further Regulations
- Consult with Governors, Local Governments and Interested Indian Tribes
- Solicit Nomination of Tracts
- Conduct first Commercial Tar Sands Lease Sales

Oil Shale and Tar Sands Programmatic EIS

- Issue Contract
- Prepare Draft EIS
- Request and Analyze Comments
- Notice of Final EIS
- Record of Decision and FR Notice

The BLM has developed schedules to ensure timely completion of all the interim steps necessary to implement the Oil Shale and Tar Sands leasing programs. The schedules are listed in the enclosed tables:

- Table 1 - schedule for R, D & D leasing programs.
- Table 2 - schedule for Programmatic EIS for oil shale and tar sands.
- Table 3 - schedule for final regulations for commercial leasing.

Commercial oil shale lease sales will be possible after the R, D & D program, the Programmatic EIS and the final regulations are completed and will be on a competitive bid basis.

Table 1- Research, Development and Demonstration (R, D & D) Leasing Program
(Status was updated February 17, 2006)

Section 369: Action Steps	Start Date	Time	Finish Date	Status
Nomination Evaluations	October 25, 2005	36 days	November 30, 2005	Initial mtg October 25 completed
Superior Proposals Selected	November 30, 2005	7 days	December 7, 2005	Completed
Prepare NEPA for Selected Proposals	December 7, 2005	130 days	Mid April 2006	
Complete Decision Record (DR) for R, D & D Tracts	April 2006	30 days	End of April 2006	
Publish Notice and Issue Lease(s)	End of April 2006			

Table 2- Programmatic Environmental Impact Statement for Oil Shale and Tar Sands

(Status was updated February 17, 2006)

Section 369: Action Steps	Start Date	Time	Finish Date	Status
Develop Statement of Work	October 31, 2005	20 days	November 20, 2005	Completed
Notice of Intent and EIS Scoping	October 31, 2005	60 days	December 30, 2005	Completed
Issue Contract	November 20, 2005	10 days	November 30, 2005	Completed
Prepare Draft EIS	January 2, 2006	235 days	August 24, 2006	
Request and Analyze Comments	August 24, 2006	120 days	December 20, 2006	
Notice of Final EIS	December 20, 2006	10 days	January 2, 2007	
Record of Decision and FR Notice	January 2, 2007	30 days	February 1, 2007	

Table 3- Final Regulations for Commercial Leasing Program for Oil Shale and Tar Sands**A) Tar Sands**

(Status was updated February 17, 2006)

Section 369: Action Steps	Start Date	Time	Finish Date	Status
Revise 43 CFR 3140 Regulations	August 8, 2005	45 days	October 7, 2005	Completed

B) Oil Shale

(Status was updated February 17, 2006)

Section 369: Action Steps	Start Date	Time	Finish Date	Status
Assemble Work Group to Develop Regulations	December 10, 2005	5 days	December 15, 2005	Completed
Work Group Reviews Previously Drafted Regulations and Recommendations	January 15, 2006	90 days	April 15, 2006	
Review Draft Leasing EIS and Comments	October 3, 2006	64 days	December 6, 2006	
Develop and Publish Proposed Regulations	December 6, 2007	38 day	January 13, 2007	
Evaluate Comments and Finalize Oil Shale Regulations	January 15, 2007	60 days	March 16, 2007	
Publish Final Rule	March 18, 2007	1 day	March 18, 2007	